

TOWNSHIP OF GROVELAND

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2008

TOWNSHIP OF GROVELAND

TOWNSHIP OFFICIALS

Supervisor - Robert DePalma
Treasurer - Shirley Scramlin
Clerk - Pamela Mazich

TOWNSHIP BOARD

David Ax
Robert DePalma
Diane Howell
Pamela Mazich
Shirley Scramlin

TOWNSHIP ATTORNEY

Williams, Williams, Rattner & Plunkett, P.C.

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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MACPA

August 5, 2008

Board of Trustees
Township of Groveland
4695 Grange Hall Road
Holly, Michigan 48442

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Groveland as of and for the year ended March 31, 2008, which collectively comprise the Township of Groveland's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Groveland's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Groveland as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 7 through 12 and 37 through 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Groveland's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis
March 31, 2008

Within this section of the Township of Groveland's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model used in this report beginning with the prior fiscal year ended March 31, 2005. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year were \$6,245,111. This is a \$331,332 increase over last year's net assets of \$5,913,779.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities		Increase (Decrease)
	3/31/2008	3/31/2007	
ASSETS			
Current and other assets	\$ 5,174,052	\$ 4,787,554	\$ 386,498
Capital assets	<u>2,224,403</u>	<u>2,368,290</u>	<u>(143,887)</u>
Total assets	<u>7,398,455</u>	<u>7,155,844</u>	<u>242,611</u>
LIABILITIES			
Accounts payable and other accrued liabilities	84,602	114,725	(30,123)
Bonds payable	<u>1,068,742</u>	<u>1,127,340</u>	<u>(58,598)</u>
Total liabilities	<u>1,153,344</u>	<u>1,242,065</u>	<u>(88,721)</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,155,661	1,693,750	(538,089)
Restricted for debt service	299,582	325,308	(25,726)
Unrestricted	<u>4,789,868</u>	<u>3,894,721</u>	<u>895,147</u>
Total net assets	<u>\$ 6,245,111</u>	<u>\$ 5,913,779</u>	<u>\$ 331,332</u>

Summary of Changes in Net Assets

	Governmental Activities		Increase (Decrease)
	3/31/2008	3/31/2007	
Revenues			
Program revenues			
Charges for services	\$ 654,407	\$ 701,674	\$ (47,267)
Operating grants and contributions	59,090	156,370	(97,280)
General revenues			
State shared revenues	420,508	418,380	2,128
Property taxes	1,149,369	1,095,108	54,261
Interest income	220,483	217,899	2,584
Sale of assets	4,850	866	3,984
Rental income	68,202	67,524	678
Other income	44,854	69,732	(24,878)
Total revenues	<u>2,621,763</u>	<u>2,727,553</u>	<u>(105,790)</u>
Expenses			
General government	723,858	890,822	(166,964)
Fire protection	1,392,340	1,199,911	192,429
Community development	9,736	23,814	(14,078)
Public works	85,737	176,650	(90,913)
Parks and recreation	15,938	16,460	(522)
Interest on long-term debt	62,822	58,154	4,668
Total expenses	<u>2,290,431</u>	<u>2,365,811</u>	<u>(75,380)</u>
Change in net assets	331,332	361,742	(30,410)
Beginning net assets	<u>5,913,779</u>	<u>5,552,037</u>	<u>361,742</u>
Ending net assets	<u>\$ 6,245,111</u>	<u>\$ 5,913,779</u>	<u>\$ 331,332</u>

The Township of Groveland reported three major funds for the year ended March 31, 2008. These funds included:

- General Fund
- Fire Protection Fund
- Gas Debt Service Fund

The General Fund increased its fund balance by \$384,619 during the year. Reasons for the increase were as follows:

- Interest earnings from investments were significantly higher than expected;
- Expenditures under unallocated were significantly less than expected due to the Township keeping costs down for the Public Safety Officer and Planning Consultants.

The Fire Protection Fund increased its fund balance by \$91,972 during the year. Some reasons for the increase were as follows:

- The fire millage revenue increased over \$40,000 due to increases in taxable value;
- Revenues realized from ambulance billings increased over \$60,000 from the prior year.

The Gas Debt Service Fund decreased its fund balance by \$25,726 for the fiscal year. This is largely due to a transfer out to general fund.

The Building Department Fund had a decrease in its fund balance of \$9,150. Its fund balance decreased to \$2,957 as of March 31, 2008. As the economy slows down, the General Fund may be forced to transfer monies to the Building Department Fund to avoid a deficit.

General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and made several immaterial amendments during the year to bring it closer to economic reality. Appropriations exceeded actual expenditures in a few different cost centers.

Capital Asset and Debt Administration

The Township's fire department made one capital purchase during the year. The following item was added to the Fire Department's capital assets:

- 2008 Dodge Brush Truck \$ 28,450

Economic Conditions and Future Activities

Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods. The reclamation revenues the Township is receiving is substantially dependent on the amount of reclamation completed in the year making revenue amounts very difficult to estimate, especially with the project being near completion.

In order to provide for future capital purchases and projects the Township board has reserved \$1,143,906 of its General Fund's fund balance. This includes:

General reserve	\$ 743,906
Fire department building	250,000
Road projects	<u>150,000</u>
Total reserve	<u>\$ 1,143,906</u>

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Township of Groveland at 4695 Grange Hall Road, Holly, Michigan 48442.

BASIC
FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

TOWNSHIP OF GROVELAND
STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 4,480,922
Receivables	
Taxes	111,975
Special assessments	403,195
State shared revenues	66,076
Accounts	93,486
Intergovernmental	18,398
Capital assets	
Land	150,000
Buildings and improvements	1,651,000
Equipment	259,665
Vehicles	1,402,083
Less accumulated depreciation	<u>(1,238,345)</u>
Total assets	<u>7,398,455</u>
LIABILITIES	
Accounts payable	41,596
Accrued vacation and sick	43,006
Bonds payable - current	92,050
Bonds payable - long term	<u>976,692</u>
Total liabilities	<u>1,153,344</u>
NET ASSETS	
Investment in capital assets, net of related debt	1,155,661
Restricted for:	
Debt service	299,582
Unrestricted	<u>4,789,868</u>
Total net assets	<u><u>\$ 6,245,111</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GROVELAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General government	\$ (723,858)	\$ 264,264	\$	\$ (459,594)
Fire protection	(1,392,340)	390,143	22,723	(979,474)
Community development	(9,736)		4,367	(5,369)
Parks and recreation	(15,938)			(15,938)
Public works	(85,737)			(85,737)
Interest on long-term debt	(62,822)		32,000	(30,822)
Total governmental activities	<u>\$ (2,290,431)</u>	<u>\$ 654,407</u>	<u>\$ 59,090</u>	<u>(1,576,934)</u>
General revenues				
Property taxes				1,149,369
State shared revenues				420,508
Interest income				220,483
Rental income				68,202
Gain on sale of assets				4,850
Other income				<u>44,854</u>
Total general revenues				<u>1,908,266</u>
Changes in net assets				331,332
Net assets, April 1, 2007				<u>5,913,779</u>
Net assets, March 31, 2008				<u>\$ 6,245,111</u>

The accompanying notes are an integral part of these financial statements.

FUND
FINANCIAL
STATEMENTS

TOWNSHIP OF GROVELAND
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008

<u>ASSETS</u>	<u>General</u>	<u>Fire Protection</u>	<u>Gas Debt Service</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,036,311	\$ 874,993	\$ 386,603	\$ 183,015	\$ 4,480,922
Receivables					
Special assessments			403,195		403,195
Taxes	24,883	87,092			111,975
State shared revenues	66,076				66,076
Accounts - other	73,842			19,644	93,486
Due from other funds	28,046				28,046
Total assets	<u>\$ 3,229,158</u>	<u>\$ 962,085</u>	<u>\$ 789,798</u>	<u>\$ 202,659</u>	<u>\$ 5,183,700</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ 14,452	\$ 25,908	371	\$ 865	\$ 41,596
Matured bonds payable			92,050		92,050
Due to other funds		5,148		4,500	9,648
Deferred revenues			397,795		397,795
Total liabilities	<u>14,452</u>	<u>31,056</u>	<u>490,216</u>	<u>5,365</u>	<u>541,089</u>
Fund Balance					
Unreserved	2,070,800	931,029		2,957	3,004,786
Reserved	1,143,906				1,143,906
Designated for capital replacement				194,337	194,337
Reserved for debt service			299,582		299,582
Total fund balance	<u>3,214,706</u>	<u>931,029</u>	<u>299,582</u>	<u>197,294</u>	<u>4,642,611</u>
Total liabilities and fund balance	<u>\$ 3,229,158</u>	<u>\$ 962,085</u>	<u>\$ 789,798</u>	<u>\$ 202,659</u>	<u>\$ 5,183,700</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GROVELAND
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
MARCH 31, 2008

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 4,642,611
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Historical cost	\$ 3,462,748	
Depreciation	<u>(1,238,345)</u>	
Capital assets net of depreciation		2,224,403
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable (long-term portion)		(976,692)
Accrued sick and vacation is not included as a liability in the governmental fund		(43,006)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		<u>397,795</u>
Net assets of governmental activities		<u><u>\$ 6,245,111</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GROVELAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	General	Fire Protection	Gas Debt Service	Other Nonmajor Funds	Total
REVENUES					
Taxes	\$ 257,227	\$ 892,142	\$	\$	\$ 1,149,369
Special assessments			100,166		100,166
Connection fees			32,000		32,000
Licenses and permits	195,986				195,986
Grant - community development	4,367				4,367
State shared revenues	420,508				420,508
Federal grant		3,079		19,644	22,723
Rental income	62,052	6,150			68,202
Charges for services	35,364	338,893		32,914	407,171
Interest	140,310	24,338	14,545	3,406	182,599
Ambulance contract		51,250			51,250
Miscellaneous	3,630	41,224			44,854
Total revenues	<u>1,119,444</u>	<u>1,357,076</u>	<u>146,711</u>	<u>55,964</u>	<u>2,679,195</u>
EXPENDITURES					
Current					
General government	666,214			42,064	708,278
Fire protection		1,152,821		39,756	1,192,577
Library	6,500				6,500
Parks and recreation	15,938				15,938
Community development	3,236				3,236
Public works	85,737				85,737
Capital outlay		28,450			28,450
Debt service					
Principal		53,868	96,780		150,648
Interest and fees		29,965	32,857		62,822
Total expenditures	<u>777,625</u>	<u>1,265,104</u>	<u>129,637</u>	<u>81,820</u>	<u>2,254,186</u>
Excess of revenues over (under) expenditures	<u>341,819</u>	<u>91,972</u>	<u>17,074</u>	<u>(25,856)</u>	<u>425,009</u>
OTHER FINANCING SOURCES (USES)					
Operating transfer in (out)	42,800	(119,527)	(42,800)	119,527	
Proceeds from sale of assets				4,850	4,850
Total other financing sources (uses)	<u>42,800</u>	<u>(119,527)</u>	<u>(42,800)</u>	<u>124,377</u>	<u>4,850</u>
Net change in fund balance	384,619	(27,555)	(25,726)	98,521	429,859
FUND BALANCE, APRIL 1, 2007	<u>2,830,087</u>	<u>958,584</u>	<u>325,308</u>	<u>98,773</u>	<u>4,212,752</u>
FUND BALANCE, MARCH 31, 2008	<u>\$ 3,214,706</u>	<u>\$ 931,029</u>	<u>\$ 299,582</u>	<u>\$ 197,294</u>	<u>\$ 4,642,611</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GROVELAND
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Amounts reported for governmental activities in the
Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ 429,859
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:	
Capital outlay	\$ 28,450
Depreciation expense	<u>(172,337)</u>
Net capital assets	(143,887)
Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
Repayment of bonds and contracts payable (long-term portion)	150,648
Accrued sick and vacation is reported in the statement of activities when accrued and not in the governmental funds until paid	(43,006)
Principal received on special assessments are income as they are levied annually for governmental funds, but they are recognized as income in total when they are originally levied in the initial first year for the Statement of Activities.	
Principal collected on assessments	<u>(62,282)</u>
Change in net assets of governmental activities	<u><u>\$ 331,332</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GROVELAND
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2008

	Current Tax Collection	Trust and Agency	Totals
ASSET			
Cash and cash equivalents	<u>\$ 18,282</u>	<u>\$ 29,188</u>	<u>\$ 47,470</u>
LIABILITIES			
Due to other funds	\$ 18,003	\$ 395	\$ 18,398
Due to others	<u>279</u>	<u>28,793</u>	<u>29,072</u>
Total liabilities	<u>\$ 18,282</u>	<u>\$ 29,188</u>	<u>\$ 47,470</u>

The accompanying notes are an integral part of these financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Groveland conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Protection Fund accounts for the activities related to the operations of the Township fire department. This activity is funded primarily through the collection of property taxes and cost recovery fees.

The Gas Debt Service Fund accounts for the special assessments levied and related debt associated with the Township's participation of installing a natural gas distribution system.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2007 levy was assessed at an adjusted taxable value of \$249,286,949. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General Township	1.0
Fire	<u>3.5</u>
Total millage	<u><u>4.5</u></u>

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

H. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less to be cash equivalents.

I. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Business Tax.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Township of Groveland as the primary government have been included in the financial statements.

The following potential component unit has been evaluated under the criteria established by GASB statement number 39 and determined not to be a component unit based on financial independence and accountability.

Brandon - Groveland - Ortonville Recreation Authority - The Township of Groveland is involved and monetarily supports this authority. The recreation authority is fiscally independent from the Township. The authority is a component unit of the Charter Township of Brandon.

NOTE 3 - INTERFUND BALANCES AND INTERFUND TRANSFERS

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General fund	\$ 4,500	Building department fund	\$ 4,500
General fund	18,003	Current tax collection fund	18,003
General fund	395	Trust and agency fund	395
General fund	<u>5,148</u>	Fire fund	<u>5,148</u>
	<u>\$ 28,046</u>		<u>\$ 28,046</u>

Interfund transfers for the year ended March 31, 2008 were as follows:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Gas Debt Service Fund	Transfer of excess funds	\$ 42,800
Fire Improvement Fund	Fire Fund	Annual transfer	<u>119,527</u>
			<u>\$ 162,327</u>

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 4 - PENSION PLAN (DEFINED BENEFIT PLAN)

The Township of Groveland participates in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined public employee retirement plan created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits on a voluntary basis to the State's local government employees. Under Public Act 220, MERS became an independent public non-profit corporation independent from State government. The effective date of independence was August 15, 1996, at which time MERS ceased to be a part of the State of Michigan, Department of Management and Budget. The Township has no fiduciary responsibility for the plan. The Township's full-time employees and trustees are eligible to participate in the plan with a total covered payroll of \$484,927. Total contributions made for the year ended March 31, 2008 totaled \$97,026. Contributions are 11% for general employees and 11% for Township trustees.

At December 31, 2007, the unfunded pension benefit obligation was \$95,907, determined as follows:

Actuarial accrued liability	
Retirees and beneficiaries currently receiving benefits	\$ 183,113
Terminated employees not yet receiving benefits	6,505
Current employees	
Accumulated employee contribution, including allocated investment income	467,953
Employer financed	<u>392,548</u>
Total actuarial accrued liabilities	1,050,119
Net assets available for benefits, at cost (at market \$965,343)	<u>954,212</u>
Unfunded (Overfunded) actuarial accrued liabilities	<u>\$ 95,907</u>
Fiscal Year Beginning	April 1, 2009
Annual Required Contribution (ARC)	33,132
Amortization Factor Used - Under funded Liabilities (28 years)	0.055889

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>COST</u>	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
Land	\$ 150,000	\$	\$	\$ 150,000
Buildings - general government	376,000			376,000
Buildings - fire	1,275,000			1,275,000
Equipment - general government	70,216			70,216
Equipment - fire	189,449			189,449
Vehicles - fire	1,403,433	28,450	29,800	1,402,083
Total capital assets	3,464,098	28,450	29,800	3,462,748
<u>ACCUMULATED DEPRECIATION</u>				
Buildings - general government	88,987	7,520		96,507
Buildings - fire	452,237	29,440		481,677
Equipment - general government	26,565	8,060		34,625
Equipment - fire	62,651	5,643		68,294
Vehicles - fire	465,368	121,674	29,800	557,242
Total accumulated depreciation	1,095,808	172,337	29,800	1,238,345
Net book value	\$ 2,368,290	\$ (143,887)	\$	\$ 2,224,403

As of March 31, 2008 there was \$ 620,672 of long-term debt related to fire department equipment.

Depreciation expense was allocated to the various activities as follows:

General government	\$ 15,580
Fire protection	<u>156,757</u>
Total	<u>\$ 172,337</u>

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 6 - LONG-TERM DEBT

The following is a summary of Township debt for the year ended March 31, 2008:

	<u>Balance 4/1/07</u>	<u>Debt Proceeds</u>	<u>Principal Repayments</u>	<u>Balance 3/31/08</u>	<u>Due in One Year</u>
Bonds payable used to finance construction of gas distribution system	\$ 452,800	\$	\$ 96,780	\$ 356,020	\$ 97,900
Installment agreement payable to finance purchase of two fire trucks	486,220		25,612	460,608	26,774
Installment agreement payable to finance purchase of two ambulances	<u>188,320</u>		<u>28,256</u>	<u>160,064</u>	<u>29,440</u>
Total	<u>\$ 1,127,340</u>	<u>\$</u>	<u>\$ 150,648</u>	<u>\$ 976,692</u>	<u>\$ 154,114</u>

1. Bonds payable - gas distribution system: In 1999 the Township issued bonds to finance the construction of a natural gas distribution system. Principal is paid annually each June 1 and interest is paid semi-annually each June and December 1. Interest charged varies between 6.15% and 7.4% per annum. The bond is set to mature on June 1, 2011.
2. Installment agreement - fire trucks - In September 2005 the Township entered into an installment purchase agreement with a bank to finance the purchase of two fire trucks. Principal and interest of \$47,686 is paid annually to service the debt. The installment agreement is scheduled to mature on May 1, 2020. Interest is charged at a fixed rate of 4.54% per annum.
3. Installment agreement - ambulances - In September 2005 the Township entered into an installment purchase agreement with a bank to finance the purchase of two ambulances. Principal and interest of \$36,147 is paid annually to service the debt. The installment agreement is scheduled to mature on May 1, 2012. Interest is charged at a fixed rate of 4.19% per annum.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 6 - LONG-TERM DEBT (continued)

The following is a schedule of future principal and interest payments to service the long-term obligations of the Township:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/1/08 - 3/31/09	\$ 154,114	\$ 55,561	\$ 209,675
4/1/09 - 3/31/10	163,864	45,875	209,739
4/1/10 - 3/31/11	174,220	35,490	209,710
4/1/11 - 3/31/12	185,387	24,350	209,737
4/1/12 - 3/31/17	209,774	64,801	274,575
4/1/17 - 3/31/21	<u>170,914</u>	<u>19,830</u>	<u>190,744</u>
Total	1,058,273	245,907	1,304,180
Less: current portion recorded in debt service fund	<u>(81,581)</u>	<u>(10,470)</u>	<u>(92,051)</u>
Total long-term debt	<u>\$ 976,692</u>	<u>\$ 235,437</u>	<u>\$ 1,212,129</u>

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The investment policy adopted by the board is in accordance with Act 196 PA 1997. The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 300,000	\$ 300,000
Uninsured and uncollateralized	<u>4,228,392</u>	<u>4,238,129</u>
Total deposits	<u>\$ 4,528,392</u>	<u>\$ 4,538,129</u>

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

The Township's cash and investments are subject to types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$4,238,129 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

NOTE 8 - RECLAMATION REVENUES

Effective June 2002 the Township had entered into an agreement with a construction company for the mining and reclamation of lands in the Township. The Township is to receive funds based upon materials removed from these lands. The Township is to receive these funds until the contract expires in June 2012. Total reclamation revenues for the year ended March 31, 2008 was \$127,205.

NOTE 9 - FEDERAL GRANT ACTIVITIES

The Township participates in a Community Development Block Grant (CDBG) consortium passed through Oakland County. The CDBG fiscal period is from May 1 to April 30. The County performs a full compliance audit on the Township's program performance. The most recent audit has been completed for the period dated May 1, 2005 to April 30, 2006.

NOTE 10 - CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

NOTE 11 - POST EMPLOYMENT BENEFITS

The Township adopted a post employment benefits policy several years ago. The policy is as follows:

- A. Eligible employees who retire after his/her 60th birthday with at least 20 years of full time service may participate in the Health Reimbursement Account (HRA) after retirement until the retiree's death.

The HRA amounts to \$4,000 annually toward each of the three (3) elected officials and \$3,000 annually to all other full time employees.

- B. Eligible employees who retire after his/her 60th birthday with at least 30 years of full time service will be eligible for paid health coverage for the retiree, spouse and qualified tax-dependents. (Eligibility provisions, benefits, and other terms and conditions will be explained in the health certificate or policy). Coverage ends when retiree dies.

Currently there is one retired employee receiving the benefit. The Township paid \$9,167 toward this retirees' health insurance coverage for the year ending March 31, 2008.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 11 - POST EMPLOYMENT BENEFITS (continued)

The Township of Groveland's post employment healthcare plan is a single-employer defined benefit plan administered by the Municipal Employee Retirement System (MERS). This benefit was approved by a board resolution, and may be revoked. A separate employee benefit trust account being maintained by MERS with funding by the Township.

Funding Policy

The required contribution is based on projected pas-as you-go financing requirement, with an additional amount to prefund benefits determined annually by the Township. Eligible employees have no obligation to fund this benefit.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of fund that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Township's ARC and OPEB cost as of the actuarial evaluation performed April 1, 2007:

	<u>General</u>	<u>Fire</u>	<u>Total</u>
Normal cost	\$ 3,404	\$ 6,444	\$ 9,848
Amortization of unfunded actuarial accrued liabilities	<u>8,075</u>	<u>28,024</u>	<u>36,099</u>
Annual required contribution (ARC)	<u><u>\$ 11,479</u></u>	<u><u>\$ 34,468</u></u>	<u><u>\$ 45,947</u></u>
OPEB calculation:			
Present value of future benefits	\$ 95,321	\$ 505,368	\$ 600,689
Present value of future employer normal costs	<u>(14,436)</u>	<u>(57,534)</u>	<u>(71,970)</u>
Unfunded actuarial accrued liability	<u><u>\$ 80,885</u></u>	<u><u>\$ 447,834</u></u>	<u><u>\$ 528,719</u></u>
Funded ratio	<u><u>0%</u></u>	<u><u>0%</u></u>	<u><u>0%</u></u>

This is the first actuarial evaluation done by the Township. Thus, no comparative information could be provided.

A contribution of \$45,947 was made during the fiscal year ended March 31, 2008 to the MERS trust fund to start this account.

TOWNSHIP OF GROVELAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 11 - POST EMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets.

Assumptions used include:

Discount rate	8%
Health care cost trend	12% in 2008, grading to 4.5% in 2017
Actuarial cost method	Individual entry age
Amortization method	General fund - level dollar closed Fire fund - level percent open

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Budget Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 225,000	\$ 225,000	\$ 257,227	\$ 32,227
State shared revenues	422,114	422,114	420,508	(1,606)
Licenses and permits	179,343	179,343	195,986	16,643
Charges for services	96,827	96,827	97,416	589
Community development	34,710	34,710	4,367	(30,343)
Other revenues	145,300	145,300	143,940	(1,360)
Total revenues	1,103,294	1,103,294	1,119,444	16,150
EXPENDITURES				
Township board	5,500	5,500	5,640	(140)
Supervisor	56,823	57,120	56,956	164
Elections	9,000	9,000	7,418	1,582
Clerk	79,699	80,198	80,101	97
Equalization	36,000	36,000	35,823	177
Board of review	2,000	2,000	829	1,171
Treasurer	66,562	66,562	64,758	1,804
Cemetery	2,000	2,000	1,816	184
Audit	10,000	10,000	8,218	1,782
Office staff	61,818	62,618	61,669	949
Repairs and maintenance	41,000	41,000	34,309	6,691
Attorney and consultants	95,000	95,000	45,079	49,921
Community development	34,710	34,710	3,236	31,474
Cable	9,000	9,000	12,221	(3,221)
Utilities	14,500	14,500	14,715	(215)
Unallocated	72,700	72,700	61,527	11,173
Public safety	15,000	15,000	10,000	5,000
Library	6,500	6,500	6,500	
Youth assistance	10,000	10,000	10,000	
Employee benefits	83,000	149,275	135,042	14,233
Capital outlay	119,582	94,511	7,363	87,148
Planning commission and zoning	8,200	8,200	7,765	435
Zoning board of appeals	2,500	2,500	1,300	1,200
Street lighting	3,400	3,448	3,665	(217)
Roads	92,000	91,952	85,737	6,215
Parks and recreation	16,800	16,800	15,938	862
Total expenditures	953,294	996,094	777,625	218,469
Excess revenues over (under) expenditures	150,000	107,200	341,819	234,619
OTHER FINANCING SOURCES (USES)				
Transfer in		42,800	42,800	
Transfer out	(150,000)	(150,000)		150,000
Total other financing sources (uses)	(150,000)	(107,200)	42,800	150,000
Net change in fund balance			384,619	384,619
FUND BALANCE, APRIL 1, 2007	2,830,087	2,830,087	2,830,087	
FUND BALANCE, MARCH 31, 2008	\$ 2,830,087	\$ 2,830,087	\$ 3,214,706	\$ 384,619

TOWNSHIP OF GROVELAND
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Budget Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$	\$ 800,000	\$ 892,142	\$ 92,142
Ambulance billing		300,000	323,093	23,093
Ambulance contract		51,500	51,250	(250)
Fire runs		10,000	15,800	5,800
Rental income		9,400	6,150	(3,250)
Camp reimbursements		23,600	24,527	927
Special event reimbursements			6,010	6,010
Training		5,000	8,025	3,025
Grant			3,079	3,079
Interest income		17,000	24,338	7,338
Miscellaneous			2,662	2,662
Total revenues	1,216,500	1,216,500	1,357,076	140,576
EXPENDITURES	1,192,382	1,205,382	1,265,104	(59,722)
Excess of revenues over (under) expenditures	24,118	11,118	91,972	80,854
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(24,118)	(11,118)	(119,527)	(108,409)
Net change in fund balance			(27,555)	(27,555)
FUND BALANCE, APRIL 1, 2007	958,584	958,584	958,584	
FUND BALANCE, MARCH 31, 2008	\$ 958,584	\$ 958,584	\$ 931,029	\$ (27,555)

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

TOWNSHIP OF GROVELAND
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2008

	Building Department Fund	Fire Protection Fund	Fire Improvement Fund	Totals
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 7,457	\$ 874,993	\$ 175,558	\$ 1,058,008
Taxes receivable		87,092		87,092
Accounts receivable			19,644	19,644
Total assets	<u>\$ 7,457</u>	<u>\$ 962,085</u>	<u>\$ 195,202</u>	<u>\$ 1,164,744</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 4,500	\$ 25,908	\$ 865	\$ 26,773
Due to other funds	<u>4,500</u>	<u>5,148</u>	<u>865</u>	<u>9,648</u>
Total liabilities	4,500	31,056	865	36,421
FUND BALANCE	<u>2,957</u>	<u>931,029</u>	<u>194,337</u>	<u>1,128,323</u>
Total liabilities and fund balance	<u>\$ 7,457</u>	<u>\$ 962,085</u>	<u>\$ 195,202</u>	<u>\$ 1,164,744</u>

TOWNSHIP OF GROVELAND
ALL TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2008

	Current Tax Collection	Trust and Agency	Totals
ASSET			
Cash and cash equivalents	<u>\$ 18,282</u>	<u>\$ 29,188</u>	<u>\$ 47,470</u>
LIABILITIES			
Due to other funds	\$ 18,003	\$ 395	\$ 18,398
Due to others	<u>279</u>	<u>28,793</u>	<u>29,072</u>
Total liabilities	<u>\$ 18,282</u>	<u>\$ 29,188</u>	<u>\$ 47,470</u>

TOWNSHIP OF GROVELAND
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2008

	Building Department Fund	Fire Protection Fund	Fire Improvement Fund	Totals
REVENUES				
Property taxes	\$	\$ 892,142	\$	\$ 892,142
Licenses and permits	32,914			32,914
Charges for service		377,455		377,455
Grants			19,644	19,644
Ambulance contract		51,250		51,250
Sale of truck and equipment		3,079		3,079
Rental income		6,150		6,150
Interest income		24,338	3,406	27,744
Miscellaneous		2,662		2,662
Total revenues	32,914	1,357,076	23,050	1,413,040
EXPENDITURES				
Fire protection		1,265,104	39,756	1,304,860
Building department	42,064			42,064
Total expenditures	42,064	1,265,104	39,756	1,346,924
Excess revenue over (under) expenditures	(9,150)	91,972	(16,706)	66,116
OTHER FINANCING SOURCES (USES)				
Sale of assets			4,850	4,850
Transfer in			119,527	119,527
Transfer out		(119,527)		(119,527)
Total other financing sources (uses)		(119,527)	124,377	4,850
Net change in fund balance	(9,150)	(27,555)	107,671	70,966
FUND BALANCE, APRIL 1, 2007	12,107	958,584	86,666	1,057,357
FUND BALANCE, MARCH 31, 2008	\$ 2,957	\$ 931,029	\$ 194,337	\$ 1,128,323

INDIVIDUAL
FUNDS

GENERAL
FUND

TOWNSHIP OF GROVELAND
GENERAL FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 3,036,311
Accounts receivable - other	73,842
Taxes receivable	24,883
State shared revenues receivable	66,076
Due from other funds	<u>28,046</u>

Total assets	<u><u>\$ 3,229,158</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 14,452
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FUND BALANCE

Reserved	\$ 1,143,906
Unreserved	<u>2,070,800</u>

Total fund balance	<u>3,214,706</u>
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Total liabilities and fund balance	<u><u>\$ 3,229,158</u></u>
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TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 225,000	\$ 257,227	\$ 32,227
State shared revenues	422,114	420,508	(1,606)
Licenses and permits	179,343	195,986	16,643
Charges for services	96,827	97,416	589
Community development	34,710	4,367	(30,343)
Other revenues	145,300	143,940	(1,360)
Total revenues	1,103,294	1,119,444	16,150
EXPENDITURES			
Township board	5,500	5,640	(140)
Supervisor	57,120	56,956	164
Elections	9,000	7,418	1,582
Clerk	80,198	80,101	97
Equalization	36,000	35,823	177
Board of review	2,000	829	1,171
Treasurer	66,562	64,758	1,804
Cemetery	2,000	1,816	184
Audit	10,000	8,218	1,782
Office staff	62,618	61,669	949
Repairs and maintenance	41,000	34,309	6,691
Attorney and consultants	95,000	45,079	49,921
Community development	34,710	3,236	31,474
Cable	9,000	12,221	(3,221)
Utilities	14,500	14,715	(215)
Unallocated	72,700	61,527	11,173
Public safety	15,000	10,000	5,000
Library	6,500	6,500	
Youth assistance	10,000	10,000	
Employee benefits	149,275	135,042	14,233
Capital outlay	94,511	7,363	87,148
Planning commission	8,200	7,765	435
Zoning board of appeals	2,500	1,300	1,200
Street lighting	3,448	3,665	(217)
Roads	91,952	85,737	6,215
Parks and recreation	16,800	15,938	862
Total expenditures	996,094	777,625	218,469
Excess of revenues over (under) expenditures	107,200	341,819	234,619
OTHER FINANCING SOURCES (USES)			
Transfer in	42,800	42,800	
Transfer (out)	(150,000)		150,000
Total other financing sources (uses)	(107,200)	42,800	150,000
Net change in fund balance		384,619	384,619
FUND BALANCE, APRIL 1, 2007	2,830,087	2,830,087	
FUND BALANCE, MARCH 31, 2008	\$ 2,830,087	\$ 3,214,706	\$ 384,619

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
PROPERTY TAXES	\$ 225,000	\$ 257,227	\$ 32,227
STATE SHARED REVENUES	422,114	420,508	(1,606)
LICENSES AND PERMITS			
Liquor license fees	2,649	2,838	189
Mobile home fees	1,700	2,032	332
Cablevision franchise and Metro Act	49,694	62,561	12,867
Reclamation revenues	123,600	127,205	3,605
Waste hauler fees	1,700	1,350	(350)
Total licenses and permits	179,343	195,986	16,643
CHARGES FOR SERVICES			
Tax collection fees	14,190	14,190	
Special and school elections	8,000	4,428	(3,572)
Planning commission	6,100	8,238	2,138
Board of appeals	800	1,500	700
Camp reimbursements	6,937	7,008	71
Tower lease	60,800	62,052	1,252
Total charges for services	96,827	97,416	589
COMMUNITY DEVELOPMENT	34,710	4,367	(30,343)
OTHER REVENUES			
Interest	75,000	140,310	65,310
General reimbursements		1,530	1,530
Miscellaneous	300	2,100	1,800
Gas line	70,000		(70,000)
Total other revenues	145,300	143,940	(1,360)
Total revenues	\$ 1,103,294	\$ 1,119,444	\$ 16,150

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
TOWNSHIP BOARD	\$ 5,500	\$ 5,640	\$ (140)
SUPERVISOR			
Salary	55,873	55,873	
Dues and subscriptions	314	150	164
Professional development	933	933	
Total supervisor	57,120	56,956	164
ELECTIONS			
Supplies	1,000	584	416
Salaries	3,500	5,737	(2,237)
Special election	4,500	1,097	3,403
Total elections	9,000	7,418	1,582
CLERK			
Salary	52,224	52,224	
Deputy clerk salary	26,525	26,525	
Professional development	1,044	947	97
Membership dues	405	405	
Total clerk	80,198	80,101	97
EQUALIZATION	36,000	35,823	177
BOARD OF REVIEW			
Salaries	2,000	829	1,171
TREASURER			
Salary	52,224	52,224	
Deputy treasurer salary	13,838	12,189	1,649
Professional development	400	240	160
Membership dues	100	105	(5)
Total treasurer	66,562	64,758	1,804
CEMETERY	2,000	1,816	184
AUDIT	10,000	8,218	1,782

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
OFFICE STAFF			
Planning and zoning administration	26,525	26,525	
Recording secretary salary	2,300	2,300	
Office and building administration	11,793	11,793	
Social security taxes	22,000	21,051	949
	<u>62,618</u>	<u>61,669</u>	<u>949</u>
Total office staff			
REPAIRS AND MAINTENANCE			
Repairs and maintenance	30,000	26,541	3,459
Repairs and maintenance - wages	5,500	5,000	500
Computer maintenance	5,500	2,768	2,732
	<u>41,000</u>	<u>34,309</u>	<u>6,691</u>
Total repairs and maintenance			
ATTORNEY AND CONSULTANTS			
Planning consultants	20,000	34,423	(14,423)
Engineering	5,000	53	4,947
Attorney	45,000	9,350	35,650
Legal, technical and environmental	25,000	1,253	23,747
	<u>95,000</u>	<u>45,079</u>	<u>49,921</u>
Total attorney and consultants			
COMMUNITY DEVELOPMENT	<u>34,710</u>	<u>3,236</u>	<u>31,474</u>
CABLE	<u>9,000</u>	<u>12,221</u>	<u>(3,221)</u>
UTILITIES			
Telephone	7,500	4,249	3,251
Utilities	7,000	10,466	(3,466)
	<u>14,500</u>	<u>14,715</u>	<u>(215)</u>
Total utilities			
UNALLOCATED			
Reimbursed expenses	100	702	(602)
Supplies	15,000	15,502	(502)
Payroll services	5,500	1,452	4,048
Contractual services	17,000	13,447	3,553
Dues and subscriptions	4,100	4,630	(530)
Disaster fund	500		500
Legal notices	6,000	4,943	1,057
Insurance	20,000	13,124	6,876
On-line with county	1,500		1,500
Miscellaneous	3,000	1,799	1,201
Chargeback		1,122	(1,122)
Write-off delinquent taxes		4,806	(4,806)
	<u>72,700</u>	<u>61,527</u>	<u>11,173</u>
Total unallocated			

TOWNSHIP OF GROVELAND
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY	15,000	10,000	5,000
LIBRARY	6,500	6,500	
YOUTH ASSISTANCE	10,000	10,000	
EMPLOYEE BENEFITS			
Longevity	5,365	5,365	
Health, life and disability	51,186	42,978	8,208
Employee benefits	25,129	19,104	6,025
Employee pension	67,595	67,595	
Total employee benefits	149,275	135,042	14,233
CAPITAL OUTLAY			
Capital outlay	29,261	7,363	21,898
Capital outlay reserve	65,250		65,250
Total capital outlay	94,511	7,363	87,148
PLANNING COMMISSION	8,200	7,765	435
ZONING BOARD OF APPEALS			
Salaries	2,500	1,300	1,200
STREET LIGHTING	3,448	3,665	(217)
ROADS	91,952	85,737	6,215
PARKS AND RECREATION	16,800	15,938	862
Total expenditures	<u>\$ 996,094</u>	<u>\$ 777,625</u>	<u>\$ 218,469</u>

BUILDING
DEPARTMENT
FUND

TOWNSHIP OF GROVELAND
BUILDING DEPARTMENT FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 7,457

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 4,500

FUND BALANCE

2,957

Total liabilities and fund balance

\$ 7,457

TOWNSHIP OF GROVELAND
BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Building permits	\$ 20,000	\$ 18,681	\$ (1,319)
Electrical permits	9,000	3,175	(5,825)
Plumbing permits	5,000	1,821	(3,179)
Heating permits	10,000	4,076	(5,924)
Administrative fees	7,000	4,781	(2,219)
Licenses and registrations	1,000	380	(620)
Total revenues	52,000	32,914	(19,086)
EXPENDITURES			
Building administrator	22,570	11,973	10,597
Longevity	680	677	3
Social security taxes - FICA	4,500	2,113	2,387
Insurance - Health, life and disability	500	140	360
HRA - back	3,000	1,939	1,061
Pension accounts - MERS	2,500	2,440	60
Supplies	1,000	192	808
Legal and accounting	1,500	1,300	200
Attorney	100		100
Dues and subscriptions	150	125	25
Telephone	500		500
Insurance and bonds	500	4,500	(4,000)
Utilities	500		500
Repairs and maintenance	600	600	
Miscellaneous	150	9	141
Professional development	1,750	592	1,158
Professional training wages	500	260	240
Building inspector	14,000	8,398	5,602
Electrical inspector	5,000	2,505	2,495
Plumbing inspector	4,000	1,630	2,370
Heating inspector	5,000	2,671	2,329
Total expenditures	69,000	42,064	26,936
Excess of revenues over (under) expenditures	(17,000)	(9,150)	7,850
OTHER FINANCING SOURCES			
Transfer in	17,000		(17,000)
Net change in fund balance		(9,150)	(9,150)
FUND BALANCE, APRIL 1, 2007	12,107	12,107	
FUND BALANCE, MARCH 31, 2008	\$ 12,107	\$ 2,957	\$ (9,150)

FIRE
PROTECTION
FUND

TOWNSHIP OF GROVELAND
FIRE PROTECTION FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash and cash equivalents
Taxes receivable

\$ 874,993
87,092

Total current assets

\$ 962,085

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable
Due to other funds

\$ 25,908
5,148

Total liabilities

\$ 31,056

FUND BALANCE

931,029

Total liabilities and fund balance

\$ 962,085

TOWNSHIP OF GROVELAND
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 800,000	\$ 892,142	\$ 92,142
Ambulance billing	300,000	323,093	23,093
Ambulance contract	51,500	51,250	(250)
Fire runs	10,000	15,800	5,800
Rental income	9,400	6,150	(3,250)
Camp reimbursements	23,600	24,527	927
Special event reimbursements		6,010	6,010
Training	5,000	8,025	3,025
Grant		3,079	3,079
Interest income	17,000	24,338	7,338
Miscellaneous		2,662	2,662
Total revenues	1,216,500	1,357,076	140,576
EXPENDITURES	1,205,382	1,265,104	(59,722)
Excess of revenues over (under) expenditures	11,118	91,972	80,854
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(11,118)	(119,527)	(108,409)
Net changes in fund balance		(27,555)	(27,555)
FUND BALANCE, APRIL 1, 2007	958,584	958,584	
FUND BALANCE, MARCH 31, 2008	\$ 958,584	\$ 931,029	\$ (27,555)

TOWNSHIP OF GROVELAND
FIRE PROTECTION FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Wages - chief	\$ 58,615	\$ 58,615	\$
Wages - lieutenants	178,387	177,848	539
Wages - secretary	6,793	6,157	636
Wages - firefighters	351,554	350,098	1,456
Payroll taxes	48,167	48,167	
Ambulance services	27,500	29,068	(1,568)
Employee benefits	125,320	144,655	(19,335)
Office supplies	11,000	11,920	(920)
Operating supplies	65,000	70,835	(5,835)
Legal and accounting publication, notices	4,000	3,941	59
Contractual services	28,500	29,763	(1,263)
Dues and subscriptions	5,000	5,622	(622)
Telephone	7,000	5,823	1,177
Fuel costs	22,500	25,626	(3,126)
Insurance and bonds	55,000	50,782	4,218
Repairs and maintenance	55,500	51,953	3,547
Education and training	29,421	28,810	611
Utilities	32,292	35,790	(3,498)
Capital outlay	10,000	21,392	(11,392)
Debt service	83,833	83,833	
Miscellaneous		7,293	(7,293)
Bad debts		17,113	(17,113)
	<hr/>	<hr/>	
Total expenditures	<u>\$ 1,205,382</u>	<u>\$ 1,265,104</u>	<u>\$ (59,722)</u>

FIRE IMPROVEMENT
FUND

TOWNSHIP OF GROVELAND
FIRE IMPROVEMENT FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 175,558
Accounts receivable - CDBG	<u>19,644</u>
Total assets	<u>\$ 195,202</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 865
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FUND BALANCE

194,337

Total liabilities and fund balance	<u>\$ 195,202</u>
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TOWNSHIP OF GROVELAND
FIRE IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest earned	\$ 2,000	\$ 3,406	\$ 1,406
Federal grant	28,450	19,644	(8,806)
Total revenues	30,450	23,050	(7,400)
EXPENDITURES	54,827	39,756	15,071
Excess of revenues over (under) expenditures	(24,377)	(16,706)	7,671
OTHER FINANCING SOURCES			
Transfers in	19,527	119,527	100,000
Sale of assets	4,850	4,850	
Total other financing sources	24,377	124,377	100,000
Net changes in fund balance		107,671	107,671
FUND BALANCE, APRIL 1, 2007	86,666	86,666	
FUND BALANCE, MARCH 31, 2008	\$ 86,666	\$ 194,337	\$ 107,671

GAS LINE
DEBT
SERVICE
FUND

TOWNSHIP OF GROVELAND
GAS LINE DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 386,603
Special assessment receivable - current	<u>59,341</u>

Total current assets	\$ 445,944
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DEFERRED SPECIAL ASSESSMENT RECEIVABLE	<u>343,854</u>
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Total assets	<u><u>\$ 789,798</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 371
Matured bonds payable	92,050
Deferred revenues	<u>397,795</u>

Total liabilities	\$ 490,216
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RESERVED FUND BALANCE	<u>299,582</u>
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Total liabilities and fund balance	<u><u>\$ 789,798</u></u>
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TOWNSHIP OF GROVELAND
GAS LINE DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments - current	\$ 95,805	\$ 100,166	\$ 4,361
Interest income		14,545	14,545
Connection fees		32,000	32,000
	<u>95,805</u>	<u>146,711</u>	<u>50,906</u>
Total revenues	<u>95,805</u>	<u>146,711</u>	<u>50,906</u>
EXPENDITURES			
Principal	91,200	96,780	(5,580)
Interest	18,924	32,486	(13,562)
Miscellaneous		371	(371)
Agent fees	15,708		15,708
	<u>125,832</u>	<u>129,637</u>	<u>(3,805)</u>
Total expenditures	<u>125,832</u>	<u>129,637</u>	<u>(3,805)</u>
Excess of revenues over (under) expenditures	(30,027)	17,074	47,101
OTHER FINANCINGS SOURCES (USES)			
Transfer (out)	(42,800)	(42,800)	
	<u>(42,800)</u>	<u>(42,800)</u>	
Net changes in fund balance	(72,827)	(25,726)	47,101
FUND BALANCE, APRIL 1, 2007	<u>325,308</u>	<u>325,308</u>	
FUND BALANCE, MARCH 31, 2008	<u>\$ 252,481</u>	<u>\$ 299,582</u>	<u>\$ 47,101</u>

CURRENT
TAX
COLLECTION
FUND

TOWNSHIP OF GROVELAND
CURRENT TAX COLLECTION FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 18,282

LIABILITIES

LIABILITIES

Due to other funds

\$ 18,003

Due to others

279

Total liabilities

\$ 18,282

TRUST
AND
AGENCY
FUND

TOWNSHIP OF GROVELAND
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 29,188

LIABILITIES

LIABILITIES

Due to other funds

\$ 395

Due to others

28,793

Total liabilities

\$ 29,188



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

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August 5, 2008

Township of Groveland
Board of Trustees
4695 Grange Hall Road
Holly, MI 48442

LETTER OF REPORTABLE CONDITIONS AND OTHER MATTERS

Dear Honorable Board of Trustees:

During our audit of the Township of Groveland we came across various matters that we would like to discuss with you as part of our audit presentation for the year ending March 31, 2008.

The matters which we would like to discuss with you are as follows:

There is a new auditing standard (SAS #112) which we are required to follow as your auditing firm. This new standard relates to more formal communications by us to you regarding significant deficiencies in your internal controls and accounting procedures.

There are certain issues (deficiencies) which were previously considered general comments but under the new standard are now considered significant deficiencies.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

We consider the following to be a material weakness of the Township.

- Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principles. It should be noted that these journal entries were related to the full-accrual presentation of the government-wide statements (converting fund financial statements to full accrual statements).

We have previously discussed the above weakness with you. The following was your response:

Response by Management of the Township of Groveland

We understand that you must follow the aforementioned auditing standard to complete the audit in accordance with Generally Accepted Auditing Standards as applicable to the audit of the Township.

We prefer that you as our auditing firm continue to make the applicable journal entries to convert the fund financial statements to full accrual statements as required by GASB 34. We believe the costs to circumvent this comment would outweigh the benefits to the Township. Therefore, we completely understand the comment and request that Pfeffer, Hanniford & Palka, CPA's continue to make the conversion journal entries in the future.

Other Matters to Discuss

The following are other items we noted during the audit which we do not consider to be material weaknesses, but nonetheless need to be discussed:

1. The Township's disbursements policy requires two (2) signatures on all checks except the tax fund. We noticed a cashier's check was drawn on the Gas Fund for \$371. The cashier's check essentially circumvented the control of two (2) signatures. In the future we suggest cashier's checks not be allowed unless the bank is given approval with two (2) signatures to withdraw the money.
2. We found several instances where invoices were not signed showing approval by the receiver of goods or services. Prior to payment, invoices for goods or services should be signed to show the applicable goods or services have been satisfactorily received.
3. Payment by the Township for such items as "Youth Assistance" and "Recreation" which are paid to another municipality did not have any invoices attached. We understand the payment is based on a Board approved budget. We suggest in the future, the Township request from the payee an invoice to substantiate the agreed-upon amount between both parties.
4. As noted in the prior year comments, some bank accounts were not reconciled to the general ledger again for March 31, 2008. Account reconciliations between the bank and general ledger should be done every month.
5. We noted payments made based on a vendor's statement. All payments should be made based on approved invoices and not statements to alleviate double payments.
6. We noted as part of fieldwork the transfers-in accounts did not reconcile with the transfers-out accounts between the Fire Operating and Fire Reserve Funds. These accounts should be the same.
7. We found a few timesheets for an hourly employee did not have signatures showing approval by the employee's supervisor. These timesheets should be reviewed and approved prior to payment.
8. The accounting software is currently set-up to allow the Treasurer's office to make adjusting journal entries into the general ledger. We suggest the Treasurer submit all journal entries to the Clerk for review prior to posting in the general ledger.
9. There were a few checks dated May 1, 2008 in the accounting system which cleared the bank in the previous month. Checks should be dated as of the day they are written and not postdated.

This letter does not affect our report dated August 5, 2008 on the financial statements of the Township of Groveland

We will review the status of these matters during our next audit engagement. We have already discussed these with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees and management of the Township of Groveland and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants